



NEWS TO USE

A newsletter for PERSI Employers

May 2005

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NEW SPLIT PAYMENT OPTION FOR HEALTH CARE PREMIUMS

Beginning July 1, 2005, PERSI will offer state and school employees a new option for paying health care premiums. Currently health care premiums can only be paid from a single source — either from an unused sick leave balance or as a deduction from a benefit check. Because of recent computer enhancements, PERSI will soon offer a split payment option. Members in PERSI's sick leave entitlement program will be able to use sick leave credits to pay partial health care premiums, with the balance taken from their benefit checks. For example: With a health care premium of \$350 per month, a member can apply \$200 towards the premium from unused sick leave credits and pay the remaining \$150 through a benefit check deduction.

The biggest advantage of this new option is it can extend the sick leave entitlement to or closer to age 65, the age when members are eligible for Medicare. Leveling the deduction for health insurance may also help members with their household budgeting. When exercising this option, however, members should understand sick leave credits will not be used as quickly. If a member dies leaving a sick leave balance, it will revert to the sick leave pool rather than passing to a spouse or beneficiary.

Members can choose to have a flat amount or a percentage paid from their sick leave account each month. If a flat amount is selected, the entitlement may be set up to last to age 65 — or beyond, or it can be set up for a fixed number of years. When choosing the percentage option, members should know the deduction amounts are subject to change. When premium increases occur, the same percentage split applies: part of the increase will be paid from sick leave credits and part will come from the benefit check. Once a selection has been made, it can only be changed when a life event occurs that causes the insurance premium to change. An example of a life event would be a marriage, divorce, death of a covered spouse, Medicare eligibility, or any similar circumstance that adds or removes someone from coverage or changes the insurance premium amount.

This new option is being offered in two-phases. First it will be offered to current retirees with a sick leave balance. They will soon be receiving a letter of explanation and enrollment form. To take advantage of this new option and have it go into effect on July 1st, PERSI must receive a completed enrollment form by June 15, 2005. The next group to be contacted will be those members nearing retirement. If you have any questions, call PERSI at (208) 287-9312 or (800) 451-8228 ext. 312.

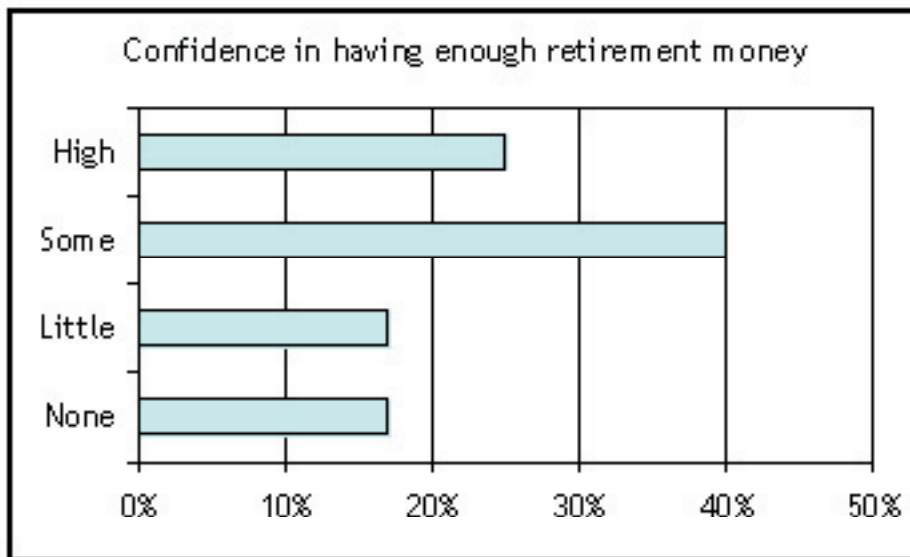
2005 EMPLOYER MEETINGS UNDERWAY

The first of 20 employer meetings slated for 2005 got underway in Boise on April 19th and in Nampa on April 21st. Attendees agree the meetings are providing a great forum to share information and exchange ideas. The initial meetings have been well attended and have generated questions for follow up. A "parking lot" has been established for those questions requiring some research. Following the final meeting on June 22nd, PERSI will review the questions and prepare responses, then publish the results in an issue of *News To Use*.

Based on initial feedback, PERSI is on target in covering both the "nice to know" and the "need to know" issues. Replacing paper handouts with a CD is a change to this year's meeting that is being well received. With 18 meetings still remaining during May and June, there's plenty of time to mark your calendar. For the dates and locations of the remaining meetings, visit the PERSI Web site at www.persi.state.id.us. We encourage you to attend.

STUDY RESULTS: Most aren't saving enough for retirement

According to the Retirement Confidence Survey recently released by the nonprofit, nonpartisan Employee Benefit Research Institute (EBRI) in Washington, D.C., 65 percent of today's workers are "very confident" or "somewhat confident" about their retirement funding. While this may be good news, it is down from 68 percent last year — despite improvements in the economy.



Although overall confidence remains high, workers are acknowledging they haven't saved as much as they probably should. The fact is, many haven't saved much at all. The study found for workers age 45 and older who have saved for retirement:

- 52 percent have less than \$25,000
- 13 percent have \$25,000 - \$49,999
- 11 percent have \$50,000 - \$99,999
- 21 percent have more than \$100,000

MANY REASONS FOR NOT SAVING

Procrastination appears to be one reason that people fail to plan for their retirement. The EBRI survey shows that among people who are living month-to-month, the attitude is "I'm getting along OK now, so I should be able to get along OK in retirement." There are also too many workers under the impression they have plenty of time to save for retirement, which may not be correct. In fact, EBRI says more than half of all workers (55 percent) admit they are behind in their retirement savings, even though it is listed as one of their most important goals. Everyday living expenses along with child care, medical, automobile, and children's education costs are the primary reasons

given for not contributing to a retirement savings. Two in 10 workers cited debt — especially credit card debt — as the reason they are unable to save for retirement.

As Congress continues to debate restructuring Social Security to provide voluntary investment accounts, EBRI speculates that even if such ac-

counts are created, the currently low savings rate suggests it will be a challenge to get people to use them. The EBRI study also shows that 7 in 10 workers are skeptical that Social Security will be able to provide them benefits of at least the same level as current retirees receive. When asked about their financial situation in retirement, 71 percent of retirees said it was adequate, 10 percent said they were "well off," and 17 percent admitted they were struggling.

EBRI is strongly urging current workers to carefully scrutinize their budgets to free up more money for retirement savings. For more survey results, visit www.ebri.org.

Notes

Rhonda Yadon, a PERSI senior accountant, is a member of Treasure Valley Search Dogs, a non-profit organization that assists law enforcement in locating lost or missing persons. Last August, she became nationally certified as a Search and Rescue Technician. Rhonda is currently training her dog Kona — an Irish Water Spaniel — in search and rescue techniques. The intense training requires a minimum of two years to complete. PERSI supports her dedication and her community spirit.

